

Message Text

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70

ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 SPC-03 AID-20 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 INT-08 FEA-02 SCI-06 PA-04 PRS-01 USIA-15

DRC-01 PM-07 DODE-00 H-03 L-03 /183 W

----- 125876

R 291325Z JAN 74

FM AMEMBASSY SANTIAGO

TO SECSTATE WASHDC 7286

UNCLAS SANTIAGO 0431

EO 11652: N/A

TAGS: ENRG, ECON, CI

SUBJ: ENERGY: HIGHER FUEL AND PUBLIC TRANSPORT PRICES

1. EFFECTIVE JANUARY 26, GOC RAISED PETROLEUM PRODUCT PRICES AS FOLLOWS, MAINLY TO REFLECT RECENT INCREASES IN COST OF IMPORTED CRUDE AND REFINED PRODUCTS: REGULAR GASOLINE 170 PERCENT, HIGH TEST GASOLINE 100 PERCENT, DIESEL PETROLEUM 147 PERCENT, LIQUID GAS 400 PERCENT AND KEROSENE 550 PERCENT. KEROSENE PRICE RISE WILL PARTICULARLY HIT LOWER INCOME GROUPS WHO USE IT FOR COOKING AND HEATING. HIGH TEST GAS NOW COSTS E 140 PER LITER (OR APPROX 72 CENTS PER GALLON AT BROKERS FX RATE), AND REGULAR E 95 PER LITER (ALMOST 50 CENTS PER GALLON).

2. PARTIALLY RELATED TO ANTICIPATED PRICE CHANGE FOR FUELS, ON JANUARY 25 PASSENGER BUS RATES WERE RAISED 100-150 PERCENT AND TAXIS APPROX 130 PERCENT. NATIONAL BUS AND TAXI OWNERS FEDERATION SAID INCREASED FARES STILL DID NOT COVER ALL COSTS BUT THAT THEY ACCEPTED NEW RATES. HOWEVER, FIVE BUS OWNERS WERE ARRESTED IN VALPARAISO FOR DISTRIBUTING PAMPHLETS OPPOSING THE INCREASES AS BEING INSUFFICIENT. NUMBER OF BUSES

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OPERATING IN VALPARAISO-VINA DEL MAR AREA WAS REPORTEDLY LOWER

THAN NORMAL OVER WEEKEND. IN ANOTHER DEVELOPMENT, UNDER SECRET-
ARY OF TRANSPORT MINISTRY WAS GRANTED POWER TO REORGANIZE TAXI
SERVICES UNDER DECREE/LAW PUBLISHED IN JANUARY 26 DIARIO
OFFICIAL.

3. COMMENT: EMBASSY ESTIMATES THAT ABOVE PRICE INCREASES
ALONE WILL CAUSE RISE IN CONSUMER PRICE INDEX OF OVER 12 PERCENT.
MOST OF IMPACT ON INDEX WILL BE FELT IN FEBRUARY. THERE
HAVE BEEN PRICE RISES IN JANUARY OF SUCH IMPORTANT ITEMS
AS SUGAR, MILK, AND VEGETABLE OIL, BUT THESE HAVE BEEN PARTIALLY
OFFSET BY SEASONALLY LOWER PRICES FOR SOME FRUITS AND VEGETABLES.
AS RESULT, JANUARY CIP RISE MAY BE MODERATE BY CHILEAN STANDARDS
(BELOW 10 PERCENT).
THOMPSON

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
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Disposition Event:
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30 JUN 2005

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